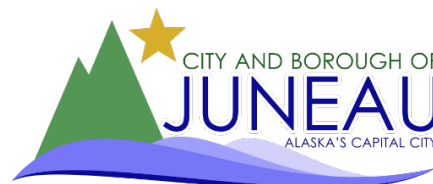


ASSEMBLY COMMITTEE OF THE WHOLE, IMMEDIATELY FOLLOWING THE JOINT ASSEMBLY/D&H BOARD MEETING MINUTES

December 18, 2023 at 7:00 PM

Assembly Chambers/Zoom Webinar



Assembly Committee of the Whole Worksession - No Public Testimony will be taken.

<https://juneau.zoom.us/j/95424544691> or 1-253-215-8782 Webinar ID: 954 2454 4691

A. CALL TO ORDER

Deputy Mayor Michelle Hale called the meeting to order at 7:29p.m. following the adjournment of the Special Joint Assembly meeting with the Docks and Harbors Board.

B. LAND ACKNOWLEDGEMENT

Assemblymember Paul Kelly shared the following Land Acknowledgment: *We would like to acknowledge that the City and Borough of Juneau is on Tlingit land and wish to honor the indigenous people of this land. For more than ten thousand years, Alaska Native people have been and continue to be integral to the well-being of our community. We are grateful to be in this place, a part of this community, and to honor the culture, traditions, and resilience of the Tlingit people. Gunalchéesh!*

C. ROLL CALL

Assemblymembers present: Deputy Mayor Michelle Hale, Greg Smith, 'Wáahlaal Gídaag, Wade Bryson, Alicia Hughes-Skandijs, Paul Kelly, Ella Adkison, and Mayor Beth Weldon

Assembly absent: None.

Staff present: City Manager Katie Koester, Deputy Manager Robert Barr, Municipal Attorney Robert Barr, Municipal Clerk Beth McEwen, Deputy Clerk Diane Cathcart, Eaglecrest Manager Dave Scanlan

D. APPROVAL OF AGENDA – the agenda was approved as presented.

E. APPROVAL OF MINUTES – None.

F. AGENDA TOPICS

1. CBJ Office Space Request for Information

Manager Koester explained that the purpose of this agenda item is really just to get some direction and update the body on next steps for downtown CBJ. Currently City Hall only houses 40% of employee space needed. Other downtown employees are at the Seadrome Building, Marine View Building, Municipal Way Building which was recently purchased by Sealaska for some of their programs. The lease on the Marine View building is expiring on June 30, 2024. They are looking at all the leases and could do RFI as soon as tomorrow. They have pulled together four possible scenarios that would entail moving some city employees to a different office space, starting with those in the Marine View. She explained that the responses to the RFI would be brought back to this body and the body would decide what to do next. Manager Koester said that knowing what the universe is for leased property will dictate what they may want to do for this City Hall facility. There will be costs associated with any moves such as IT, furnishings, etc... She is looking for direction so staff could give the Assembly info on what to expect for next steps. She said they hope to control costs as much as possible.

Ms. Hale instructed the members to limit their questions to what's in the memo and wait until RFI comes back before they discuss Assemblymembers' opinions.

Mayor Weldon said that scenario 1 talks about moving everybody and they would be looking for Assembly Chamber space. She asked about the need to also consider conference room availability in addition to Chambers space. Manager Koester said there are three conference rooms currently used with regularity amongst the current buildings.

Ms. Hughes-Skandijs expressed concern about the lease terms as found on page four of the packet. Manager Koester replied that she struggled with that term as well. She said that realistically, they may be able to recoup costs if they go with a 10-year term. She said that if the Assembly were to look at what a city-owned facility would look like, it would take a number of years to put that together.

Ms. Hughes-Skandijs said that it seems realistic to her and to possibly look at somewhere in 25 years or even 15 year terms.

‘Wáahlaal Gídaag asked if the intent was to put out three different scenarios or narrow it down to one? Manager Koester replied that the intent was to put out all three scenarios unless otherwise directed by the Assembly.

MOTION by Mayor Weldon to approve the RFI for available office space within the community. *Hearing no objections, the motion passed by unanimous consent.*

2. Ordinance 2023-05 An Ordinance Authorizing an Alternative Procurement Method Related to the Eaglecrest Pulse Gondola Construction Project.

Manager Koester explained that the only action item coming before the COW tonight was the alternative procurement method for the Eaglecrest Gondola project. She said that they also have the opportunity to get a project update from the project engineer and director. In speaking about the alternative procurement method, the ordinance in the packet was introduced at the last Assembly meeting and is now before the body to help answer any questions related to the project or the alternative procurement method. She spoke to the reasons for using an alternative procurement method and examples of other CBJ projects that used that method. Some of the key reasons for using it for this project include the complexity and specialty nature of the project involved, and the need for specialty contractors with expertise in this type of engineering and project management as well as the phasing it will need and the dynamic nature of the natural elements involved. Manager Koester shared that using an alternative procurement method also provides cost certainty since the contract amount is negotiated early on in the project with a guaranteed maximum price.

Manager Koester and Eaglecrest Manager Dave Scanlan then proceeded to answer questions from the Assemblymembers about the project, the alternative procurement method and the status of the collaborative agreement with Goldbelt on the gondola project.

MOTION by Mayor Weldon to forward to the Assembly the recommendation from the Eaglecrest Board of Directors to use the GC/CM alternative procurement method as proposed in Ordinance 2023-05 and asked for unanimous consent.

Objection by Ms. Hughes-Skandijs for purposes of a comment. She said that at this moment they are speaking just to the use of the alternative procurement method and that does seem like the best route to her but she is having a hard time in untangling that from the project update and she does have real concerns about some of the aspects of the project moving forward. With that comment, she removed her objection to the motion.

Hearing no other objections, the motion passed by unanimous consent.

Eaglecrest Update

Eaglecrest Manager introduced the Eaglecrest Board members in attendance at the meeting: Hannah Shively and Norton Gregory. Mr. Scanlan also introduced Alan Steffert from CBJ PW/Engineering who has been working with him on this project.

Mr. Scanlan provided an update about the status of the Goldbelt agreement. There had been a pause but as of August, they have had the Goldbelt funds available for use. He then went into detail about the various aspects of the gondola project and the status of the towers planned. Mayor Weldon asked what the timeframe associated with the project was. Mr. Scanlan said that the plan is for the gondola to be ready for full operations in May 2026. They hope to have some capability in the winter of 2025-2026. Mayor Weldon asked if they predict having year-round staff in 2025-2026 and Mr. Scanlan answered yes.

Mr. Bryson asked when they were looking at purchasing the gondola, was it made aware to them that they were going to have to buy almost \$2M worth of parts, and if so, was that amount included in the \$10M in funds from Goldbelt or is Eaglecrest going to come to the Assembly and say that they need more money for more parts.

Mr. Scanlan explained that they were aware that they were going to need additional towers; they thought they would only be needing five towers and didn't know that they would need seven towers. He said that the prices of towers and gondolas have skyrocketed and they weren't sure where they might source them from. They didn't have an exact source. The sales company they worked with said they would try to find those. He was confident they can do the rest for the remaining \$6.5M. He said there will be a lot of additional components that need to also be included with this purchase, such as access roads. And if they were looking at purchasing a brand new gondola in 2024, it would cost approximately \$30-40M.

Ms. Hughes-Skandijs said she was coming from some of the same direction as Mr. Bryson and her concerns were that we bought a used gondola and we are buying used parts for a used gondola and she was starting to feel that this had somewhat of a sunk cost fallacy. She asked with respect to the main \$6.5M, and considering the escalation of all costs, she asked him to explain what the process was like on the initial engineer inspection when they originally went over to inspect the gondola vs. what they found when it was unpacked in Juneau and what that now looks like in terms of costs.

Mr. Scanlan explained that when they did the initial site visit to look at the gondola, they were looking at the quality of the machinery in its installed location where it was. Everyone was impressed with the quality of the machinery, the quality of the maintenance that had been done on the machinery. At that point in time, they didn't have the capital to pay the engineer to do the full profile/alignment which is a very long and expensive process. When they do that, they look at all the line profile designs, the tower location calculations. They didn't do that when they went for the initial site visit. They did share with them that they wanted to design a midway loading station and an engineer did sign off and confirm that this lift would allow them to do that. That then gave them the green light to say, yes, this is possible; the machinery looks good, well cared for and met the intent, while knowing that they would need to come back and use the capital they did have to do more in depth preliminary design work and it was at that point that they received info on what those specifics would be.

Mr. Bryson said that no one likes to hear that they have bought something that needs a lot more money paid into it but he said that what they heard tonight was that we bought an asset that has now doubled in value (due to inflation).

Mayor Weldon said that even with what Mr. Bryson just mentioned, she is always looking for more funding. She asked Mr. Scanlan that with their large base of supporters if they were looking at raising any additional monies towards this project from their supporters. Mr. Scanlan said they are still somewhat early in that

regard and they are hoping to get this alternative procurement contractor in place and see where they land with all those efficiencies.

Ms. Woll said the Assembly has been having discussions about possibly limiting the size and number of cruise ships and asked about the Eaglecrest Board discussions re: impacts of changes from possible cruise ship limits and what impacts that may have on the gondola. Mr. Scanlan noted that Goldbelt is incentivized to bring visitors to the mountain. He said they have scaled the percentage of gross tickets that Goldbelt will be getting. He said they would reach their peak at 75,000 visitors. He said that 75,000 breaks down to approximately 450 visitors/day. This past summer, Eaglecrest was doing walking tours with Viking cruises and they had 450 visitors in one day in four hours just at the base of the mountain. He said that was a good experiment for them to see how they might manage that many visitors. He said once they spread that number of visitors across the mountain, they will be able to do a lot more. He said he would be bringing back more info on those numbers as he starts working on the 2025-2026 budget.

Ms. Hughes-Skandijs said she is having a hard time understanding how on earth they can build anything for \$6.5M in today's building climate. She asked if they were to build it right now for \$6.5M what that might look like vs. what they had hoped to build. Mr. Scanlan said that they could set it up for \$6.5M but that it would greatly degrade what they could do and it would not enable them to mid-mountain activities that they initially planned on including. He said there are a large number of opportunities, both summer and winter, if they have the mid-way mountain activities that wouldn't be there if they were to have to stay within the \$6.5M remaining funds.

Eaglecrest Board members Norton Gregory and Hannah Shively invited the Assemblymembers to attend the Eaglecrest Planning Committee meetings at which they are constantly discussing this project. They explained that the gondola project will give Eaglecrest an opportunity to become more self-sufficient and the possibilities open up more activities in the summer as well as the winter seasons.

Deputy Mayor Hale said that only 65% of the people who want shore excursions in Juneau get to go on them. She sees this project as helping to provide stable funding for Eaglecrest in the future and also providing additional shore excursions as well as dispersing people throughout town from the cruise ships.

Mr. Bryson asked if the Gondola been in operation this year, would that have enabled Eaglecrest's opening day to open when it was originally scheduled. Mr. Scanlan said that yes, it absolutely would have been able to open on schedule if the gondola had been up and running.

Chair Hale thanked the Eaglecrest Board members and staff for coming and providing this update.

3. Ordinance 2023-14(b)(R) An Ordinance Appropriating \$1,600,000 to the Manager for the Affordable Housing Fund; Funding Provided by General Funds.

Manager Koester reported that this ordinance was introduced at the last regular Assembly meeting and this is to fully award the first and second recommended projects from the Affordable Housing Fund (AHF). Both of these projects are loans and she was happy to answer any questions from the committee. Ms. Hale asked if the committee needed to take action to forward the ordinance back to the Assembly for adoption. Ms. Koester responded in the affirmative.

Ms. Woll asked if they will be discussing the merits of those two projects in more depth at the next Assembly meeting or if they will just be putting money into the fund at the next meeting and discussing the projects themselves at a later date.

Manager Koester said that this ordinance would allow the top two loan agreements to be issued. She said there would still be Assembly action required to award and negotiate those loans.

Ms. Woll asked what the timeline would be for that action. Manager Koester replied that the intention is to move relatively quickly so that these projects can both begin in the next construction season, so soon.

Additional discussion took place about this being seen at the Lands, Housing, and Economic Development Committee (LHEDC) which referred it to the Assembly Finance Committee (AFC). They also discussed the process by which these have been done.

Ms. Woll asked if the Assembly decides to use this funding as a loan, will the money still stay on the books, will the AHF still show that there is \$1.6M on the books.

R. Palmer said that this ordinance would put money into the AHF. It would then be for use and available for these projects, whenever the Assembly sees fit to issue the loans. He gave info about how the Ridgeview project was approved by the Assembly through an appropriating ordinance with the terms and conditions included in the appropriating ordinance. That could be the model the Assembly uses once it puts it into the AHF.

Ms. Woll said she will follow up with staff off line to make sure she understands it fully. Ms. Hale said that she wanted to comment off of the terms and conditions in that since this money is coming from the Affordable Housing Fund, she wants to be sure that there is affordable housing included in the terms and conditions of those loans.

‘Wáahlaal Gídaag asked a question she has asked during the housing meeting. She said they have been through this process of giving out loan funds and then having the project come back to the Assembly and say they can’t create any affordable housing. She asked how they ensure we actually have projects that maintain affordable housing within their scope. The caveat that this is a requirement for giving the loan, because they are constructing affordable housing. If they come back and say that it is not feasible, they should go to a bank instead of trying to use AHF money.

Mr. Bryson asked at what point they will see repayment of loan funds coming back in so they can know a timeline for when those funds would be available to be used again for future loans; give us an idea of how sustainable their actions have been. Manager Koester she said would be happy to bring that information back to them with timelines.

MOTION by Mr. Smith to forward Ord. 2023-14(b)(R) to the Assembly for public hearing and Assembly action and he asked for unanimous consent. *Hearing no objection, the motion passed by unanimous consent.*

G. STAFF REPORTS

None.

H. NEXT MEETING DATE: January 29, 2024

Mayor Weldon expressed the Assembly’s sympathy over the loss of George Reifenstein this past weekend. She noted that Mr. Reifenstein and his wife were instrumental in bringing the dialysis machine to Juneau. Assemblymembers wished everyone happy holidays.

I. SUPPLEMENTAL MATERIALS

J. ADJOURNMENT

There being no further business to come before the committee, the meeting was adjourned at 8:27p.m.